

U S WEST, Inc.  
Suite 700  
1020 Nineteenth Street, NW  
Washington, DC 20036  
202 429-3133  
FAX 202 296-5157

**USWEST**

Glenn Brown  
Executive Director-  
Public Policy

EX PARTE ON FILED

August 14, 1997

**EX PARTE**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

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AUG 14 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: CC Docket 96-45

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Dear Mr. Caton:

On August 13, 1997, representatives of the Benchmark Cost Proxy Model (BCPM) and the Hatfield Model (Hatfield) met with members of the Universal Service Joint Board to discuss the two models in the context of the FCC's Further Notice of Proposed Rulemaking on proxy models. In attendance were the following individuals:

Bryon Clopton	FCC
Chuck Keller	FCC
Mark Kennet	FCC
Bob Loube	FCC
Bill Sharkey	FCC
Natalie Wales	FCC
Brad Wimmer	FCC
Charlie Bolle	SD PUC
David Dowd	FL PSC
Roland Curry	TX PUC
Sandra Makeeff	IA Utilities Board
Barry Payne	IN Office of Consumer Counsel
Brian Roberts	CA PUC
Tiane Sommer	GA PSC
Glenn Brown	U S WEST
Peter Copeland	U S WEST
Debra Guest	U S WEST
Jerry Perry	U S WEST
Jim Stegeman	INDETEC
Richard Chandler	Hatfield Associates
Richard Clarke	AT&T

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Chris Frentrup	MCI
Michael Lieberman	AT&T
Catherine Petzinger	AT&T

The initial topic of discussion was how the Switching Cost Information System (SCIS), which is a proprietary cost model owned by Bellcore, could be used in the development of switching cost inputs in a way which preserved the requirement that the models themselves be open. The following points were made by the BCPM proponents:

- Under the proposal made by the BCPM sponsors at the meeting of this group on August 6, 1997, SCIS itself would not be a component of the BCPM model, nor would it have to be used to develop gross switching investment. Instead, SCIS would be used to develop factors to separate gross switch investment into sub-components of the switch such as loop ports, trunk ports, processor, etc.. These factors would be inputs to the BCPM, and could be changed by the user if better data were available, or to test sensitivity of model outputs to changes in these factors.
- It is presently the plan of the BCPM sponsors to use data from the data request issued by the FCC to develop a projection of gross investment by line size.
- The BCPM sponsors outlined the manner in which the investment sub-component percentages would be developed. A number of model systems would be developed which would be processed through SCIS. These model systems would represent a cross-section of systems with different line sizes, business/residence ratios and usage characteristics. The results of these runs would be entered into a regression analysis which would develop a functional relationship between the various switch design parameters and investment sub-components. These factors would be the inputs to the BCPM. The BCPM sponsors will place the details of the regression analysis, including many of the SCIS inputs and outputs, on the record in this proceeding.
- The BCPM sponsors offered the following ideas on how the Joint Board Staff could determine the accuracy of the SCIS model used in the development of the BCPM inputs:
  - The SCIS model could be given to the Staff with proprietary protection. (During the FCC's ONA proceeding CC Docket \_\_ - \_\_\_\_, SCIS was extensively audited and determined to accurately develop switching investment.)
  - The BCPM sponsors could assist the Staff and interested parties with the analysis of different inputs to SCIS to test the sensitivity of the outputs.

The Staff next asked how switch capacity constraints were handled in the model. The BCPM sponsors stated that capacity constraints would be addressed through the regression parameters as described above. The sponsors stated that prior versions of the BCPM did not address switch line size limitations, where a second switch and processor may be required. This capability will be added in the next version of BCPM.

The next topic of discussion was how the BCPM handled inter-office trunking and the placement and usage of tandem switches. The BCPM sponsors stated the following:

- Within BCPM all remote switches are connected to their host switch, and host switches and stand-alone switches are connected together and to their serving tandem switch through SONET rings. Also, tandem switches are interconnected with SONET ring architecture. The speed of each ring (e.g., OC-3, OC-12, OC-48, etc.) is determined by the projected volume of traffic on each ring. This configuration represents state-of-the-art for transport services and provides efficient high-quality service to all basic service users.

- The BCPM uses the LERG to indicate tandem, host and remote switches as presently deployed. This allows customers to retain present local serving arrangements, including EAS areas, if any. Any attempt to further "optimize" the host/remote architecture would require significant amounts of new data which is presently not available, and would greatly complicate the modeling process with doubtful improvement in the efficiency of high-cost support targeting. The present host/remote architecture represents the cumulative analysis and experience of companies to implement the optimal deployment of digital switching technology given the numerous factors and real-world constraints which impact network design. BCPM provides regulators with the tools to analyze the economics of host/remote architecture.
- The BCPM transport architecture reflects the fact that while many interoffice trunks pass through the tandem location, most are not switched through the tandem, but rather routed through the SONET architecture.
- In regards to Tandem switching, the BCPM sponsors indicated that the Tandem is used primarily for Toll and Local Overflow functions. Therefore, for the USF costing effort, Tandem switching will not necessarily be modeled directly. Rather, the end office costs will be used to estimate total local switching costs.
- The BCPM sponsors are negotiating with Bellcore for the use of a special file derived from the LERG for use in the BCPM. The main issue is the fee for usage of such a file.

Please direct any questions regarding this letter to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Allen H. Brown". The signature is fluid and cursive, with the first name "Allen" being more prominent and the last name "Brown" following in a similar style.